

CASwell, Inc. and Subsidiaries

**Interim Condensed Consolidated Financial
Statements for the Three and Six Months
Ended June 30, 2025 and 2024 and
Independent Auditors' Review Report**

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Independent Auditors' Review Report

To the Board of Directors of CASwell, Inc.:

Introduction

We have reviewed the accompanying interim consolidated statements of financial position of CASwell, Inc. and its subsidiaries (“the Group”) as of June 30, 2025 and 2024, and the related interim consolidated statements of comprehensive income for the three and six months ended June 30, 2025 and 2024, the interim consolidated statements of changes in equity, and cash flows for the six-month periods then ended, as well as the notes to the interim condensed consolidated financial statements, including a summary of material accounting policies. The preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard (IAS) No. 34 Interim Financial Reporting, as endorsed and issued into effect by the Financial Supervisory Commission, R.O.C. (Taiwan) (FSC), are the responsibility of management. Our responsibility is to express a conclusion on the consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with Standards on Review Engagements No. 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of the consolidated financial statements consists primarily of inquiries, primarily of personnel responsible for financial and accounting matters, and applying analytics and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly prepared, in all material respects, the consolidated financial position of the Group as of June 30, 2025 and 2024, and its financial performance for the three-month and six-month periods then ended and its consolidated cash flows for the six-month periods then ended, in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and IAS 34 “Interim Financial Reporting,” as endorsed and issued into effect by the FSC.

KPMG

CPA:

Securities Authority FSC Securities Letter No. 1040003949
Approval Reference No. FSC Securities Letter No. 1140131922
August 6, 2025

Notice to Reader

For the convenience of readers, this report has been translated into English from the original Chinese version. The English version has not been audited or reviewed by independent auditors. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors’ report and consolidated financial statements shall prevail.

CASwell, Inc. and its Subsidiaries
Consolidated Statements of Financial Position

Unit: NT\$ thousand

Assets		2025.6.30		2024.12.31		2024.6.30		Liabilities and equity		2025.6.30		2024.12.31		2024.6.30	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (Note 6(1))	\$ 533,944	10	487,593	9	809,765	14	2100	Short-term borrowings (Note 6 (7))	\$ 82,225	1	158,749	3	33,355	1
1136	Financial assets at amortized cost - current	62,904	1	69,189	1	68,445	1	2170	Accounts payable	546,748	10	618,699	11	914,176	15
1170	Notes and accounts receivable, net (Note 6(2) and (14))	671,936	12	843,499	15	721,196	12	2180	Accounts payable - related parties (Note 7)	2,465	-	36,807	-	21,922	-
1180	Accounts receivable from related parties, net (Note 6(2)(14) and 7)	142	-	13,230	-	16,571	-	2200	Other payables (including related parties) (Note 7)	322,716	6	143,473	3	366,854	6
1200	Other receivables (including related parties) (Note 7)	62,488	1	64,301	1	54,229	1	2230	Current income tax liabilities	57,243	1	51,503	1	59,124	1
1220	Current income tax assets	23	-	-	-	644	-	2252	Short-term provisions for warranty	5,331	-	6,162	-	5,164	-
130X	Inventories (Note 6(3))	2,095,059	38	2,104,877	37	2,119,534	36	2280	Lease liabilities - current (Note 6(9))	39,492	1	38,402	1	34,780	1
1470	Other current assets (Note 8)	101,501	2	94,205	2	84,285	1	2322	Long-term borrowings due within one year (Note 6(8) and 8)	3,835	-	1,388	-	1,373	-
	Total current assets	3,527,997	64	3,676,894	65	3,874,669	65	2399	Other current liabilities - others (Note 7)	108,453	2	116,568	2	118,472	2
Non-current assets:								Total current liabilities		1,168,508		1,171,751		1,555,220	
1510	Financial assets at fair value through profit or loss - non-current	38,433	1	47,364	1	58,063	1	Non-current liabilities:							
1517	Financial assets at fair value through other comprehensive income - non-current	60,180	1	79,402	1	110,132	2	2540	Long-term borrowings (Notes 6(8) and 8)	216,782	4	269,920	5	270,617	5
1600	Property, plant and equipment (Note 6(4) and 8)	773,357	14	784,767	14	764,282	13	2552	Long-term provisions for warranty	23,323	-	23,389	-	20,246	-
1755	Right-of-use assets (Note 6(5))	704,935	13	714,507	13	716,332	12	2570	Deferred income tax liabilities	18,773	-	25,727	-	25,784	-
1780	Intangible assets (Note 6(6))	335,509	7	338,026	6	344,185	6	2580	Lease liabilities - non-current (Note 6(9))	491,516	10	499,314	9	502,141	9
1840	Deferred income tax assets	15,738	-	14,053	-	9,879	-	2670	Other non-current liabilities - others	7	-	14	-	1,822	-
1900	Other non-current assets	16,379	-	11,086	-	43,502	1	Total non-current liabilities		750,401		818,364		820,610	
		1,944,531	36	1,989,205	35	2,046,375	35	Total liabilities		1,918,909		1,990,115		2,375,830	
Total assets		\$ 5,472,528 100		5,666,099 100		5,921,044 100		Equity attributable to shareholders of the parent company (Note 6(12)):							
								3100	Share capital	733,485	13	733,485	13	733,485	12
								3200	Capital surplus	1,445,196	27	1,445,196	25	1,445,196	25
								3300	Retained earnings:						
								3310	Legal reserve	417,588	8	384,748	7	384,748	7
								3320	Special earnings reserve	61,227	1	52,985	1	52,985	1
								3350	Undistributed earnings	841,088	15	961,065	17	794,129	13
									Total retained earnings	1,319,903	24	1,398,798	25	1,231,862	21
								3400	Other equity	(92,552)	(2)	(61,227)	(1)	(50,124)	(1)
									Equity attributable to owners of the parent	3,406,032	62	3,516,252	62	3,360,419	57
								36XX	Non-controlling interests	147,587	3	159,732	3	184,795	3
								Total equity		3,553,619 65		3,675,984 65		3,545,214 60	
								Total liabilities and equity		\$ 5,472,528 100		5,666,099 100		5,921,044 100	

(The accompanying notes are an integral part of the consolidated financial statements.)

Chairman: Steve Chu

Manager: Reaforl Hung

Accounting Supervisor: Amber Lee

CASwell, Inc. and its Subsidiaries
Consolidated Statements of Comprehensive Income

Unit: NT\$ thousand

	For the three months ended June 30				For the six months ended June 30			
	2025		2024		2025		2024	
	Amount	%	Amount	%	Amount	%	Amount	%
4000 Revenue (Note 6(14) and 7)	\$ 1,061,550	100	1,124,518	100	2,170,447	100	1,963,876	100
5000 Cost of sales (Note 6(3), (4), (5), (9), (10), (15), 7 and 12)	820,579	77	865,244	77	1,656,200	76	1,496,396	76
Gross profit	240,971	23	259,274	23	514,247	24	467,480	24
Operating expenses (Note 6(4), (5), (9), (10), (15), 7 and 12):								
6100 Selling and marketing expenses	49,333	5	47,848	4	102,664	5	80,131	4
6200 General and administrative expenses	37,292	4	56,738	5	73,458	3	113,223	6
6300 Research and development expenses	64,735	6	62,082	6	144,559	7	125,897	6
6450 Net expected credit losses (reversals) (Note 6(2))	401	-	(2,946)	-	149	-	(1,943)	-
Total operating expenses	151,761	15	163,722	15	320,830	15	317,308	16
Operating profit	89,210	8	95,552	8	193,417	9	150,172	8
Non-operating income and expenses (Note 6(16)):								
7100 Interest income	3,135	-	3,931	-	5,533	-	6,201	-
7010 Other income	12,349	1	17,977	2	15,542	1	27,841	2
7020 Other gains and losses, net	(34,245)	(3)	3,842	-	(31,785)	(2)	23,690	1
7050 Finance costs (Note 6(9))	(4,858)	-	(6,001)	-	(9,882)	-	(11,036)	(1)
Total non-operating income and expenses	(23,619)	(2)	19,749	2	(20,592)	(1)	46,696	2
7900 Profit before tax	65,591	6	115,301	10	172,825	8	196,868	10
7950 Less: Income tax expense (Note 6(9))	16,953	1	20,480	2	40,735	2	38,094	2
Net profit	48,638	5	94,821	8	132,090	6	158,774	8
8300 Other comprehensive income (loss):								
8310 Items that will not be reclassified to profit or loss								
8316 Unrealized gain (loss) on equity investments at fair value through other comprehensive income	1,038	-	864	-	(15,455)	(1)	3,351	-
8349 Income tax relating to items that will not be reclassified	-	-	-	-	-	-	-	-
Total of items that will not be reclassified to profit or loss	1,038	-	864	-	(15,455)	(1)	3,351	-
8360 Items that may be reclassified subsequently to profit or loss								
8361 Exchange differences arising from the translation of foreign operations	(41,278)	(4)	(2,670)	-	(26,289)	(1)	1,952	-
8399 Income tax relating to items that may be reclassified subsequently to profit or loss	-	-	-	-	-	-	-	-
Total of items that may be reclassified subsequently to profit or loss	(41,278)	(4)	(2,670)	-	(26,289)	(1)	1,952	-
8300 Other comprehensive income (loss)	(40,240)	(4)	(1,806)	-	(41,744)	(2)	5,303	-
8500 Total comprehensive income (loss)	\$ 8,398	1	93,015	8	90,346	4	164,077	8
Net profit attributable to:								
8610 Owners of the parent	\$ 54,995	6	95,133	8	135,691	6	161,468	8
8620 Non-controlling interests	(6,357)	(1)	(312)	-	(3,601)	-	(2,694)	-
Net profit	\$ 48,638	5	94,821	8	132,090	6	158,774	8
Comprehensive income attributable to:								
8710 Owners of the parent	\$ 17,573	2	92,653	8	102,491	5	164,329	8
8720 Non-controlling interests	(9,175)	(1)	362	-	(12,145)	(1)	(252)	-
Total comprehensive income (loss)	\$ 8,398	1	93,015	8	90,346	4	164,077	8
Earnings per share (Note 6(13))								
9750 Basic earnings per share (NT\$)	\$ 0.75		1.30		1.85		2.20	
9850 Diluted earnings per share (NT\$)	\$ 0.75		1.30		1.85		2.20	

(The accompanying notes are an integral part of the consolidated financial statements.)

Chairman: Steve Chu

Manager: Reaforl Hung

Accounting Supervisor: Amber Lee

CASwell, Inc. and its Subsidiaries
Consolidated Statements of Changes in Equity

Unit: NT\$ thousand

	Equity attributable to shareholders of parent company					Other equity items		Total equity attributable to shareholders of the parent company	Non-controlling interests	Total Equity
	Retained earnings					Exchange differences arising from the translation of foreign operations	FVOCI reserve for financial assets			
	Share capital	Capital surplus	Legal reserve	Special earnings reserve	Undistributed earnings					
Balance, January 1, 2024	\$ 733,485	1,445,196	352,478	40,230	883,062	(38,510)	(14,475)	3,401,466	185,047	3,586,513
Profit for the period	-	-	-	-	161,468	-	-	161,468	(2,694)	158,774
Other comprehensive income (loss)	-	-	-	-	-	829	2,032	2,861	2,442	5,303
Total comprehensive income (loss)	-	-	-	-	161,468	829	2,032	164,329	(252)	164,077
Earnings distribution:										
Appropriation of legal reserve	-	-	32,270	-	(32,270)	-	-	-	-	-
Appropriation of special reserve	-	-	-	12,755	(12,755)	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(205,376)	-	-	(205,376)	-	(205,376)
Balance, June 30, 2024	\$ 733,485	1,445,196	384,748	52,985	794,129	(37,681)	(12,443)	3,360,419	184,795	3,545,214
Balance, January 1, 2025	\$ 733,485	1,445,196	384,748	52,985	961,065	(31,274)	(29,953)	3,516,252	159,732	3,675,984
Profit for the period	-	-	-	-	135,691	-	-	135,691	(3,601)	132,090
Other comprehensive income (loss)	-	-	-	-	-	(23,828)	(9,372)	(33,200)	(8,544)	(41,744)
Total comprehensive income (loss)	-	-	-	-	135,691	(23,828)	(9,372)	102,491	(12,145)	90,346
Earnings distribution:										
Appropriation of legal reserve	-	-	32,840	-	(32,840)	-	-	-	-	-
Appropriation of special reserve	-	-	-	8,242	(8,242)	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(212,711)	-	-	(212,711)	-	(212,711)
Disposal of equity investments measured at FVOCI	-	-	-	-	(1,875)	-	1,875	-	-	-
Balance, June 30, 2025	\$ 733,485	1,445,196	417,588	61,227	841,088	(55,102)	(37,450)	3,406,032	147,587	3,553,619

(The accompanying notes are an integral part of the consolidated financial statements.)

Chairman: Steve Chu

Manager: Reaforl Hung

Accounting Supervisor: Amber Lee

CASwell, Inc. and its Subsidiaries
Consolidated Statements of Cash Flows

Unit: NT\$ thousand

	For the six months ended June 30	
	2025	2024
Cash flows from operating activities:		
Profit before tax	\$ 172,825	196,868
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expenses	40,574	45,276
Amortization expenses	3,255	6,023
Net expected credit losses (reversals)	149	(1,943)
Net loss (gain) on financial assets/liabilities at FVTPL	2,785	(11,275)
Interest expenses	9,882	11,036
Interest income	(5,533)	(6,201)
Loss (gain) on disposal and scrapping of property, plant and equipment	(396)	2,517
Loss (gain) on lease modification	520	(4)
Total adjustments to reconcile profit (loss)	51,236	45,429
Changes in operating assets/liabilities:		
Net changes in operating assets:		
Decrease in notes and accounts receivable (including related parties)	184,493	31,268
Decrease (increase) in other receivables (including related parties)	1,813	(12,675)
Inventory decrease (increase)	7,997	(330,910)
Increase in other current assets	(7,296)	(10,919)
Total net changes in operating assets	187,007	(323,236)
Net changes in operating liabilities:		
Increase (decrease) in accounts payable (including related parties)	(106,293)	385,552
Increase (decrease) in other payables (including related parties)	(33,467)	26,306
Increase (decrease) in warranty provisions	(489)	597
Decrease in other current liabilities	(8,115)	(18,353)
Total net changes in operating liabilities	(148,364)	394,102
Total net changes in operating assets and liabilities	38,643	70,866
Total adjustments	89,879	116,295
Cash generated from operations	262,704	313,163
Interest received	5,533	6,201
Interest paid	(9,883)	(11,036)
Income tax paid	(43,594)	(50,373)
Net cash generated from operating activities	214,760	257,955
Cash flows from (used in) investing activities:		
Proceeds from disposals of financial assets at FVOCI	3,766	-
Proceeds from return of capital of financial assets at FVTPL	6,147	1,339
Acquisition of financial assets at amortized cost	-	(16,166)
Proceeds from disposal of assets at amortized cost	6,285	-
Acquisition of property, plant and equipment	(3,737)	(11,103)
Disposal of property, plant and equipment	574	285
Acquisition of intangible assets	(270)	(2,789)
Increase in other non-current assets	(5,632)	(24,083)
Net cash from (used in) investing activities	7,133	(52,517)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	173,716	2,520
Decrease in short-term borrowings	(250,000)	-
Repayments of long-term borrowings	(50,690)	(50,554)
Repayment of the principal portion of lease liabilities	(23,452)	(29,552)
Increase (decrease) in other non-current liabilities	(7)	1,794
Net cash used in financing activities	(150,433)	(75,792)
Effect of exchange differences on cash and cash equivalents	(25,109)	1,247
Increase in cash and cash equivalents of current period	46,351	130,893
Cash and cash equivalents at beginning of period	487,593	678,872
Cash and cash equivalents at end of period	\$ 533,944	809,765

(The accompanying notes are an integral part of the consolidated financial statements.)

Chairman: Steve Chu

Manager: Reaforl Hung

Accounting Supervisor: Amber Lee

CASwell, Inc. and its Subsidiaries
Notes to Consolidated Financial Statements
For the Six Months Ended June 30, 2025 and 2024
(Amount in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. Company History and Business Scope

CASwell, Inc. (“the Company”) was established on April 19, 2007 with the approval of the Ministry of Economic Affairs. The address of its registered office and principal place of business is 12F., No. 308, Jianguo 1st Road, Xinzhuang District, New Taipei City. The businesses scope of the Company and its subsidiaries (collectively referred as “the Group”) includes Electronic Components Manufacturing, Computers and Peripherals Manufacturing, Equipment Manufacturing, Wholesale of Electronic Materials and Information Services.

2. Process and Date of Authorization for Issue

This consolidated financial statements were approved and authorized for issue by the Board of Directors on August 6, 2025.

3. Impact on Application of Amendments and New Standards and Interpretations

- (1) Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the amendments to IFRS Accounting Standards endorsed and issued into effect by the FSC from January 1, 2025, did not have a material impact on the accounting policies of the Group.

- Amendments to IAS 21 “Lack of Exchangeability”
- (2) The IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) and endorsed by the FSC with effective date starting 2026

The Group has evaluated that the initial application of amendments to IFRS Accounting standards effective from January 1, 2026, are not expected to have a material impact on the Group’s accounting policies.

- IFRS 17 “Insurance Contracts” and amendments
- Amendments to IFRS9 and IFRS7 “the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

- (3) Amendments and new standards issued by IASB, but not yet endorsed and issued into effect by the FSC

The Group expects the following IFRS Accounting standards and amendments which have not yet been endorsed by FSC may be relevant to the accounting policies of the Group:

Amendments and New Standards	Key Topics	Effective Date announced by IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>To provide financial statements users with better and more consistent information, the standard provides enhanced guidance on disaggregation and newly introduces three amendments that all entities apply including 1) classifying items of income and expenses into each of the three new categories in income statement, 2) two additional income and expenses subtotals, and 3) newly defined management performance measures to be disclosed in a single note to the financial statements.</p> <ul style="list-style-type: none"> • More Structured Income Statement: Under the current standard, companies use different formats to present their operating results, making it difficult for investors to compare financial performance across entities. The new standard adopts a more structured statement of profit or loss, introducing a newly defined “operating profit” subtotal and requiring all income and expenses to be classified into three distinct new categories based on the company’s main operating activities. • Management Performance Measures (MPMs): The standard newly introduces the definition of MPM and requires companies to explain, in a single note to the financial statements, why each measure provides useful information, how it is calculated, and how it is reconciled to amounts recognized under IFRS Accounting Standards. • More Disaggregated Information: The new standard includes guidance on how companies should enhance the disaggregation of information in financial statements. This includes directions on whether information should be presented in the primary financial statements or further disaggregated in the notes. 	January 1, 2027

As of the date the consolidated financial statements were authorized for issue, the Group continues in evaluating the impact on its financial position and financial performance from the initial adoption of the aforementioned standards or interpretations and related applicable period. The related impact will be disclosed when the Group completes its evaluation.

The Group does not expect the following IFRS Accounting Standards and Amendments, which have not yet been endorsed, will have a material impact on the accounting policies of the Group.

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”

4. Summary of Material Accounting Policies

(1) Statement of Compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34, “Interim Financial Reporting”, endorsed and issued into effect by the FSC. The consolidated financial statements do not include all the disclosures required for a complete set of annual consolidated financial statements prepared in accordance with the IFRS Accounting Standards endorsed and issued into effect by the FSC.

Except as described below in Note 4(3), the material accounting policies adopted in the preparation of these consolidated financial statements are consistent with those followed in the preparation of the consolidated financial statements for the year ended 31 December 2024. For details, please refer to Note 4 to the 2024 consolidated financial statements.

(2) Basis for consolidation

a. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activity	Ownership %		
			2025.6.30	2024.12.31	2024.6.30
The Company	CASO, INC. ("CASO")	Import and sales of network appliances and computer peripherals, etc.	99%	99%	99%
The Company	CASWELL INTERNATIONAL INVESTMENT CO., LTD. -	Overseas investment	100%	100%	100%
The Company	CASWELL AMERICAS, INC. ("CAI")	Sales of network communication products	100%	100%	100%

<u>Name of Investor</u>	<u>Name of Subsidiary</u>	<u>Main Business Activity</u>	<u>Ownership %</u>		
			<u>2025.6.30</u>	<u>2024.12.31</u>	<u>2024.6.30</u>
CASWELL INTERNATIONAL INVESTMENT CO., LTD.	BEIJING CASWELL LTD. (“BCW”)	Manufacturing and sales of network appliances	82%	82%	82%
The Company	APLIGO GmbH (“APLIGO”)	Hub and SI Service	66.67%	66.67%	66.67%
The Company	HAWKEYE TECH, CO., LTD (“HAWKEYE”)	Design and manufacturing of telecommunications and network appliances	60.64%	60.64%	60.64%

b. Subsidiaries not included in the consolidated financial statements: None.

(3) Income tax

The Group measures and discloses interim income tax expense in accordance with the requirements of paragraph B12 of IAS 34, Interim Financial Reporting.

Income tax expense is measured by applying the management’s best estimate of the annual effective tax rate to the profit before tax for the interim reporting period.

Income tax expense recognized directly in equity or in other comprehensive income is measured based on the temporary differences between the carrying amounts of the related assets and liabilities for financial reporting purposes and their tax bases, using the tax rates that are expected to apply in the period when the assets are realized or the liabilities are settled.

5. Major Sources of Estimation Uncertainty, Assumptions and Significant Judgements

In the process of preparing these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34, Interim Financial Reporting, as endorsed by the FSC, management is required to make judgments, assumptions, and estimates about the future (including climate-related risks and opportunities) that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group’s accounting policies and the major sources of estimation uncertainty, are consistent with those disclosed in Note 5 of the consolidated financial statements for the year ended December 31, 2024.

6. Details of Significant Accounts

Except as described below, there are no significant differences in the disclosures of significant accounts in these consolidated financial statements compared to those in the consolidated financial statements for the year ended December 31, 2024. For related information, please refer to Note 6 to the consolidated financial statements for the year ended December 31, 2024.

(1) Cash and Cash Equivalents

	<u>2025.6.30</u>	<u>2024.12.31</u>	<u>2024.6.30</u>
Cash on hand and petty cash	\$ 962	821	1,030
Foreign currency and demand deposits	419,867	432,022	576,588
Short-term certificate of deposit	113,115	54,750	232,147
Cash and cash equivalents at end of period in the consolidated statements of cash flows	<u>\$ 533,944</u>	<u>487,593</u>	<u>809,765</u>

Refer to Note 6(17) for the details on interest rate risk and sensitivity analysis of financial assets of the Group.

(2) Notes and accounts receivable, net (including related parties)

	<u>2025.6.30</u>	<u>2024.12.31</u>	<u>2024.6.30</u>
Notes receivable	\$ -	983	-
Accounts receivable	679,223	862,733	744,318
Less: Loss allowance	(7,145)	(6,987)	(6,551)
	<u>\$ 672,078</u>	<u>856,729</u>	<u>737,767</u>

The Group adopts simplified approach to measure the loss allowance at an amount equal to lifetime expected credit losses (ECL) for all notes and accounts receivable. The lifetime ECL are recognized on a collective basis considering forward-looking information, including macroeconomic information related to the industry in which the entity operates. For the purpose of determining significant increases in credit risk and recognizing a loss allowance on a collective basis, the Group groups notes and accounts receivable on the basis of shared credit risk characteristics which align with customers' ability to meet contractual cash flows. The ECL analysis for notes and accounts receivable of the Group is as follows:

	<u>2025.6.30</u>		
	Carrying amount of notes and accounts receivable	Probability- weighted ECL rate	Allowance for lifetime ECL
Not Past Overdue	\$ 601,207	0.10%	589
Past Due ≤ 30 Days	56,695	1.52%	859
Past Due 31 - 120 Days	8,116	2.37%	192
Past Due 121 - 365 Days	12,357	37.69%	4,657
Past Due ≥ 366 Days	848	100.00%	848
	<u>\$ 679,223</u>		<u>7,145</u>

	2024.12.31		
	Carrying amount of notes and accounts receivable	Probability- weighted ECL rate	Allowance for lifetime ECL
Not Past Overdue	\$ 784,545	0.11%	847
Past Due ≤ 30 Days	55,213	1.69%	934
Past Due 31 - 120 Days	12,804	5.06%	648
Past Due 121 - 365 Days	11,082	40.48%	4,486
Past Due ≥ 366 Days	<u>72</u>	100.00%	<u>72</u>
	<u>\$ 863,716</u>		<u>6,987</u>
	2024.6.30		
	Carrying amount of notes and accounts receivable	Probability- weighted ECL rate	Allowance for lifetime ECL
Not Past Overdue	\$ 708,711	0.12%	836
Past Due ≤ 30 Days	15,480	4.23%	655
Past Due 31 - 120 Days	2,837	14.1%	400
Past Due 121 - 365 Days	17,218	26.65%	4,588
Past Due ≥ 366 Days	<u>72</u>	100.00%	<u>72</u>
	<u>\$ 744,318</u>		<u>6,551</u>

Reconciliation of loss allowance for notes and accounts receivable of the Group is as follows:

	For the six months ended June 30	
	2025	2024
Opening balance of loss allowance	\$ 6,987	8,356
New ECL provisions	783	1,013
Recoveries of previously written-off receivables	(634)	(2,956)
Foreign exchange differences	<u>9</u>	<u>138</u>
Ending balance of loss allowance	<u>\$ 7,145</u>	<u>6,551</u>

Financial assets mentioned above are neither pledged as collateral for borrowings nor for financing facilities. Please refer to Note 6(17) for details on the credit risk.

The Group has entered into a non-recourse accounts receivable factoring agreement with a financial institution. Under the agreement, except for commercial disputes (such as sales returns and allowances), the financial institution shall pay the Group the net amount of the

factored receivables for any outstanding amounts not collected after their due date. Detailed information on accounts receivable factoring agreement at the reporting date is as follows:

2025.6.30					
Factoring institution	Total amount of receivables derecognition during the reporting period	Factoring limit	Factoring advance	Interest rate range	Collateral
China Merchants Bank	\$ 27,019	-	26,621	1.41%~1.50%	None
2024.12.31					
Factoring institution	Total amount of receivables derecognition during the reporting period	Factoring limit	Factoring advance	Interest rate range	Collateral
China Merchants Bank	\$ 66,753	-	65,723	1.53%~1.59%	None
Ping An Bank Co., Ltd.	\$ 17,033	-	16,774	1.52%	None

(3) Inventories

	2025.6.30	2024.12.31	2024.6.30
Raw materials and spare parts	\$ 1,088,203	1,101,520	1,210,677
Work-in-progress	255,652	302,760	356,203
Finished goods	751,204	700,597	552,654
	\$ 2,095,059	2,104,877	2,119,534

The details of cost of sales for the three and six months ended June 30, 2025 and 2024 are as follows:

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Cost of goods sold				
(COGS) for inventory	\$ 791,221	844,003	1,595,708	1,455,983
Inventory write-down loss	(2,578)	(2,875)	3,303	1,476
Loss for inventory				
obsolescence	5,935	5,028	5,935	5,028
Others	26,001	19,088	51,254	33,909
	\$ 820,579	865,244	1,656,200	1,496,396

All inventories mentioned above are neither pledged as collateral for borrowings nor for financing facilities.

(4) Property, plant and equipment(PP&E)

Reconciliation of the carrying amount of the Group's PP&E by class of underlying asset is as follows:

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery equipment</u>	<u>R&D equipment</u>	<u>Other equipment</u>	<u>Total</u>
Cost:						
Balance, January 1, 2025	\$ 366,191	361,507	24,025	17,435	88,422	857,580
Additions	-	-	110	1,035	2,592	3,737
Disposal	-	-	-	(3,479)	(2,740)	(6,219)
Exchange differences	-	-	(77)	(172)	(730)	(979)
Balance, June 30, 2025	\$ 366,191	361,507	24,058	14,819	87,544	854,119
Balance on January 1, 2024	\$ 366,191	361,126	18,521	16,177	65,485	827,500
Additions	-	-	3,222	861	7,020	11,103
Disposal	-	-	(4,099)	(649)	(6,862)	(11,610)
Reclassification	-	-	-	-	1,702	1,702
Exchange differences	-	-	25	53	176	254
Balance, June 30, 2024	\$ 366,191	361,126	17,669	16,442	67,521	828,949
Accumulated Depreciation:						
Balance, January 1, 2025	\$ -	17,638	10,902	10,531	33,742	72,813
Depreciation	-	4,698	2,790	1,313	5,909	14,710
Disposal	-	-	-	(3,479)	(2,562)	(6,041)
Exchange differences	-	-	(82)	(164)	(474)	(720)
Balance, June 30, 2025	\$ -	22,336	13,610	8,201	36,615	80,762
Balance on January 1, 2024	\$ -	8,275	10,834	10,953	29,720	59,782
Depreciation	-	4,674	1,954	1,408	5,315	13,351
Disposal	-	-	(4,099)	(649)	(4,060)	(8,808)
Exchange differences	-	-	25	50	267	342
Balance, June 30, 2024	\$ -	12,949	8,714	11,762	31,242	64,667
Carrying Amount:						
January 1, 2025	\$ 366,191	343,869	13,123	6,904	54,680	784,767
June 30, 2025	\$ 366,191	339,171	10,448	6,618	50,929	773,357
June 30, 2024	\$ 366,191	348,177	8,955	4,680	36,279	764,282

See Note 8 for details on PP&E pledged as collateral for long-term borrowings and financing facilities.

(5) Right-of-use assets

Reconciliation of the carrying amount of the Group's right-of-use assets by class of underlying asset is as follows:

		Buildings and structures	Machinery equipment	Transportation equipment	Total
	Land				
Cost:					
Balance, January 1, 2025	\$ 337,533	423,762	141	7,373	768,809
Additions	-	15,220	-	4,820	20,040
Modifications	-	(2,653)	-	(2,337)	(4,990)
Exchange differences	-	(4,520)	1	10	(4,509)
Balance, June 30, 2025	\$ 337,533	431,809	142	9,866	779,350
Balance on January 1, 2024	\$ 337,533	494,750	114	7,765	840,162
Additions	-	30,563	-	-	30,563
Modifications	-	(57,882)	-	(404)	(58,286)
Exchange differences	-	1,116	2	99	1,217
Balance, June 30, 2024	\$ 337,533	468,547	116	7,460	813,656
Accumulated depreciation:					
Balance, January 1, 2025	\$ -	48,963	35	5,304	54,302
Depreciation	-	24,579	72	1,213	25,864
Modifications	-	(2,653)	-	(1,475)	(4,128)
Exchange differences	-	(1,646)	(1)	24	(1,623)
Balance, June 30, 2025	\$ -	69,243	106	5,066	74,415
Balance on January 1, 2024	\$ -	118,551	28	4,252	122,831
Depreciation	-	30,876	58	991	31,925
Modifications	-	(57,882)	-	(326)	(58,208)
Exchange differences	-	703	1	72	776
Balance, June 30, 2024	\$ -	92,248	87	4,989	97,324
Carrying Amount:					
January 1, 2025	\$ 337,533	374,799	106	2,069	714,507
June 30, 2025	\$ 337,533	362,566	36	4,800	704,935
June 30, 2024	\$ 337,533	376,299	29	2,471	716,332

(6) Intangible Assets

	Goodwill	Computer software and other intangible assets	Total
Carrying Amount:			
January 1, 2025	\$ 330,514	7,512	338,026
June 30, 2025	\$ 330,668	4,841	335,509
June 30, 2024	\$ 330,931	13,254	344,185

The Group had no significant additions, disposals, impairments, or reversals of impairment of intangible assets during the six months ended June 30, 2025 and 2024. For the amortization amount for the reporting period, please refer to Note 12. For other related information, please refer to Note 6(6) of the consolidated financial statements for the year ended December 31, 2024.

(7) Short-term borrowings

Details of short-term borrowings are as follows:

	<u>2025.6.30</u>	<u>2024.12.31</u>	<u>2024.6.30</u>
Unsecured bank borrowings	<u>\$ 82,225</u>	<u>158,749</u>	<u>33,355</u>
Unused credit facility	<u>\$ 2,332,471</u>	<u>2,094,283</u>	<u>2,469,385</u>
Interest rate range	<u>1.933%~8.977%</u>	<u>1.91%~9.69%</u>	<u>9.69%</u>

a. Issuance and repayment of borrowings

During the period from January 1 to June 30, 2025, the Group had significant short-term borrowings issued in the amount of NT\$173,716 thousand, with interest rates ranging from 1.933% to 8.977%, and maturities in August 2025. The amount of material repayments during the same period was NT\$250,000 thousand. There were no significant issuances, repurchases, or repayments of borrowings during the six months ended June 30, 2024. Please refer to Note 6(16) for details on interest expenses.

b. Collateral for bank borrowings

The Group had not pledged any assets as collateral for short-term bank borrowings.

(8) Long-term borrowings

	<u>2025.6.30</u>	<u>2024.12.31</u>	<u>2024.6.30</u>
Secured bank loans	\$ 220,617	271,308	271,990
Less: Current portion of long-term borrowings	<u>(3,835)</u>	<u>(1,388)</u>	<u>(1,373)</u>
Non-current portion of long-term borrowings	<u>\$ 216,782</u>	<u>269,920</u>	<u>270,617</u>
Unused credit facility	<u>\$ -</u>	<u>-</u>	<u>-</u>
Interest rate range	<u>2.118%~2.122%</u>	<u>2.118%~2.122%</u>	<u>2.12%~2.22%</u>

a. Issuance and repayment of borrowings

The Group had no significant long-term borrowings issued during the periods from January 1 to June 30, 2025 and 2024. The amounts of repayments during the same

periods were NT\$50,690 thousand and NT\$50,554 thousand, respectively. Please refer to Note 6(16) for details on interest expenses.

b. Collateral for bank borrowings

The Group has pledged assets as collateral for long-term bank borrowings. Please refer to Note 8 for details.

(9) Lease liabilities

Lease liabilities of the Group are classified as follows:

	<u>2025.6.30</u>	<u>2024.12.31</u>	<u>2024.6.30</u>
Current	<u>\$ 39,492</u>	<u>38,402</u>	<u>34,780</u>
Non-current	<u>\$ 491,516</u>	<u>499,314</u>	<u>502,141</u>

Please refer to Note 6(17) financial instruments for details of maturity analysis.

Lease-related expenses recognized in profit or loss, including:

	<u>Three months ended June 30</u>		<u>Six months ended June 30</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Interest expenses on lease liabilities	<u>\$ 2,815</u>	<u>2,757</u>	<u>5,686</u>	<u>5,613</u>
Expense relating to short-term leases	<u>\$ 2,116</u>	<u>2,616</u>	<u>2,975</u>	<u>4,799</u>
Expenses relating to leases of low-value assets	<u>\$ 33</u>	<u>20</u>	<u>58</u>	<u>44</u>
Gain (loss) on lease modification	<u>\$ (520)</u>	<u>1</u>	<u>(520)</u>	<u>4</u>

The amounts recognized in the statements of cash flows are:

	<u>Six months ended June 30</u>	
	<u>2025</u>	<u>2024</u>
Total cash outflow of lease	<u>\$ 32,171</u>	<u>40,008</u>

a. Lease of buildings and structures

The Group leases buildings and structures to be used as its operating premises. Lease terms typically range from one to six years. Some leases include extension options upon expiration, for periods identical to the original lease term.

Payments for certain leases depend on changes in a local price index. Additionally, some lease contracts require the Group to pay taxes and insurance related to the leased properties on behalf of the lessor. These payments generally occur on a monthly basis.

Certain lease contracts for equipment contain options to extend or terminate the leases. These contracts are managed locally, resulting in differing terms and conditions across the Group. These options are exercisable exclusively by the Group, with no enforceable rights given to the lessors. When it is not reasonably certain that the Group will exercise extension options, lease payments associated with the option periods are not included in lease liabilities.

b. Other leases

The Group leases machinery and transportation equipment with lease terms ranging from one to five years. Some leases include purchase options at the end of the lease term. Other leases include arrangements whereby the Group provides residual value guarantees for the leased assets upon lease expiration.

In addition, the Group leases certain machinery and equipment for one to five years that qualify as leases of low-value assets. For these leases, the Group has elected to apply the recognition exemption, choosing not to recognize right-of-use assets or lease liabilities.

(10) Employee benefits

The pension expenses recognized by the Group under the defined contribution plan are as follows, with a portion contributed to the Bureau of Labor Insurance or relevant local authorities.

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Cost of sales	\$ 1,306	1,443	2,674	2,869
Selling and marketing expenses	602	656	1,207	1,303
General and administrative expenses	706	808	1,423	1,631
Research and development expenses	1,892	1,919	3,830	3,833
	\$ 4,506	4,826	9,134	9,636

(11) Income tax

a. Income tax expenses

The details of the income tax expense of the Group are as follows:

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Current income tax expenses	\$ 20,690	21,495	49,374	39,095
Deferred income tax benefit	(3,737)	(1,015)	(8,639)	(1,001)
Income tax expenses	\$ 16,953	20,480	40,735	38,094

b. Tax return filing

As of June 30, 2025, the most recent tax year assessed for the Company and its subsidiary, HAWKEYE, was 2023 and no significant adjustments were required.

(12) Capital and other equity

Except as otherwise disclosed below, there were no significant changes in the Company's capital and other equity during the periods from January 1 to June 30, 2025 and 2024. For related information, please refer to Note 6(13) of the 2024 consolidated financial statements.

a. Capital surplus

The component of the Company's capital surplus consists of the following:

	2025.6.30	2024.12.31	2024.6.30
Share premium	\$ 1,418,377	1,418,377	1,418,377
Treasury share transactions	22,792	22,792	22,792
Expired stock options	4,027	4,027	4,027
	\$ 1,445,196	1,445,196	1,445,196

The Company may distribute its realized capital surplus, including share premium and donated capital, as stock dividends or cash after offsetting any accumulated deficits, in accordance with the Company Act." Pursuant to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the capital surplus that may be capitalized each year shall not exceed 10% of the paid-in capital.

b. Earnings distribution and reserves

In accordance with the Company's Articles of Incorporation, if there is net profit for the fiscal year, it shall first be used to offset accumulated deficits. Subsequently, 10% shall be appropriated to the legal reserve in accordance with regulations, unless the

accumulated legal reserve has reached the total paid-in capital of the Company, in which case further allocations are not required. The Company shall then appropriate or reverse special reserves in accordance with laws or regulatory requirements. Any remaining earnings, along with undistributed earnings at the beginning of the period, shall be proposed by the Board of Directors as an earnings distribution plan for resolution at the shareholders' meeting.

When distributing dividends and bonuses, or when distributing the legal reserve and capital surplus under Article 241, Paragraph 1 of the Company Act, if such distributions are in cash, they must be approved by at least two-thirds of the Board members present, and a majority vote of attending directors, in accordance with Article 240, Paragraph 5 of the Company Act, and subsequently reported to the shareholders' meeting.

The Company's dividends may be distributed in cash or stock. The distribution amount shall be no less than 10% of the current year's net profit, and the cash dividend portion shall be no less than 10% of total dividends. Since the Company is in its growth phase, the type and ratio of dividend distributions shall be determined by the Board of Directors based on operational conditions, future capital needs, and long-term strategic planning. The Board will propose a distribution plan that balances shareholder interests, dividend policy, and capital planning, subject to approval at the shareholders' meeting.

- Dividend distribution

On March 5, 2025, and March 13, 2024, the Board of Directors approved the cash dividend distribution plans for fiscal years 2024 and 2023, respectively. The approved cash dividends distributed to common shareholders are as follows:

	2024		2023	
	Dividends Per Share (NT\$)	Amount	Dividends Per Share (NT\$)	Amount
Dividends distributed to common shareholders:				
Cash	\$ 2.90	<u>212,711</u>	2.80	<u>205,376</u>

c. Other components of equity (net of tax) and non-controlling interests

	Foreign currency translation reserve	FVOCI reserve for financial assets	Non- controlling interests	Total
January 1, 2025	\$ (31,274)	(29,953)	159,732	98,505
Net profit attributable to non-controlling interests	-	-	(3,601)	(3,601)
Fair value changes in financial assets at FVOCI	-	(9,372)	(6,083)	(15,455)
Exchange differences on translation of foreign operations	(23,828)	-	(2,461)	(26,289)
Disposal of FVOCI financial assets	-	1,875	-	1,875
June 30, 2025	<u>\$ (55,102)</u>	<u>(37,450)</u>	<u>147,587</u>	<u>55,035</u>
January 1, 2024	\$ (38,510)	(14,475)	185,047	132,062
Net loss attributable to non-controlling interests	-	-	(2,694)	(2,694)
Fair value changes in financial assets at FVOCI	-	2,032	1,319	3,351
Exchange differences on translation of foreign operations	829	-	1,123	1,952
June 30, 2024	<u>\$ (37,681)</u>	<u>(12,443)</u>	<u>184,795</u>	<u>134,671</u>

(13) Earnings per share

The calculation of basic and diluted earnings per share is as follows:

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Basic earnings per share:				
Net profit attributable to owners of ordinary shares of the Company	<u>\$ 54,995</u>	<u>95,133</u>	<u>135,691</u>	<u>161,468</u>
Weighted average number of ordinary shares outstanding (in thousands)	<u>73,348</u>	<u>73,348</u>	<u>73,348</u>	<u>73,348</u>
Basic earnings per share (NT\$)	<u>\$ 0.75</u>	<u>1.30</u>	<u>1.85</u>	<u>2.20</u>
Diluted earnings per share:				
Net profit attributable to owners of ordinary shares of the Company	<u>\$ 54,995</u>	<u>95,133</u>	<u>135,691</u>	<u>161,468</u>
Weighted average number of ordinary shares outstanding (basic) (in thousands)	73,348	73,348	73,348	73,348
Effect of dilutive potential ordinary shares (in thousands):				
Employee share-based compensation	21	20	97	79
Weighted average number of ordinary shares outstanding (diluted) (in thousands)	<u>73,369</u>	<u>73,368</u>	<u>73,445</u>	<u>73,427</u>
Diluted earnings per share (NT\$)	<u>\$ 0.75</u>	<u>1.30</u>	<u>1.85</u>	<u>2.20</u>

<u>Three months ended June 30</u>		<u>Six months ended June 30</u>	
<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>

(14) Revenue from contracts with customers

a. Disaggregation of Revenue from Contracts with Customers

<u>For the three months ended June 30, 2025</u>				
	<u>Taiwan</u>	<u>Mainland China</u>	<u>Others</u>	<u>Total</u>
Disaggregation of revenue by geographical region:				
Taiwan	\$ 112,401	-	1,952	114,353
Asia	453,281	13,710	106,201	573,192
America	207,330	-	33,741	241,071
Europe	129,978	-	2,952	132,930
Africa	-	-	4	4
	\$ 902,990	13,710	144,850	1,061,550

Disaggregation of revenue by major product lines:				
Network appliances	\$ 730,496	8,692	106,059	845,247
Motherboards	38,099	98	1,002	39,199
Others	134,395	4,920	37,789	177,104
	\$ 902,990	13,710	144,850	1,061,550

<u>For the three months ended June 30, 2024</u>				
	<u>Taiwan</u>	<u>Mainland China</u>	<u>Others</u>	<u>Total</u>
Disaggregation of revenue by geographical region:				
Taiwan	\$ 214,149	-	-	214,149
Asia	331,165	38,518	91,632	461,315
America	227,986	-	63,002	290,988
Europe	148,774	-	8,274	157,048
Australia	883	-	33	916
Africa	-	-	102	102
	\$ 922,957	38,518	163,043	1,124,518

Disaggregation of revenue by major product lines:				
Network appliances	\$ 693,087	29,890	116,388	839,365
Motherboards	33,850	7	1,411	35,268
Others	196,020	8,621	45,244	249,885
	\$ 922,957	38,518	163,043	1,124,518

For the six months ended June 30, 2025

	Mainland			Total
	Taiwan	China	Others	
Disaggregation of revenue by geographical region:				
Taiwan	\$ 243,867	-	1,952	245,819
Asia	910,553	40,019	187,758	1,138,330
America	437,100	-	105,747	542,847
Europe	231,503	-	9,202	240,705
Australia	1,927	-	-	1,927
Africa	-	-	819	819
	\$ 1,824,950	40,019	305,478	2,170,447
Disaggregation of revenue by major product lines:				
Network appliances	\$ 1,443,080	29,066	235,781	1,707,927
Motherboards	66,855	113	2,162	69,130
Others	315,015	10,840	67,535	393,390
	\$ 1,824,950	40,019	305,478	2,170,447

For the six months ended June 30, 2024

	Mainland			Total
	Taiwan	China	Others	
Disaggregation of revenue by geographical region:				
Taiwan	\$ 352,916	-	-	352,916
Asia	566,593	87,125	182,997	836,715
America	429,089	-	83,172	512,261
Europe	227,428	-	33,365	260,793
Australia	883	-	62	945
Africa	-	-	246	246
	\$ 1,576,909	87,125	299,842	1,963,876
Disaggregation of revenue by major product lines:				
Network appliances	\$ 1,160,320	67,828	210,447	1,438,595
Motherboards	45,619	672	2,062	48,353
Others	370,970	18,625	87,333	476,928
	\$ 1,576,909	87,125	299,842	1,963,876

b. Contract balance

	<u>2025.6.30</u>	<u>2024.12.31</u>	<u>2024.6.30</u>
Notes and accounts receivable	\$ 679,223	863,716	744,318
Less: Loss allowance	(7,145)	(6,987)	(6,551)
Notes and accounts receivable, net	<u>\$ 672,078</u>	<u>856,729</u>	<u>737,767</u>

Please refer to Note 6(2) for accounts receivable and ECL analysis.

(15) Employee and Director remuneration

On May 22, 2025, the Company resolved at its shareholders' meeting to amend the Articles of Incorporation. Pursuant to the amended Articles, if the Company has profit for the year—defined as profit before tax and before deducting employee and director remuneration, it shall allocate 2% to 15% of such profit as employees' compensation, of which not less than 20% of the actual amount allocated shall be distributed to rank-and-file employees, and not more than 2% as directors' remuneration. However, if the Company has accumulated losses, the amount shall first be retained to cover such losses.

Employees' compensation may be distributed in the form of stock or cash, and the recipients may include employees of subsidiaries meeting certain criteria. Directors' remuneration shall be distributed in cash only.

For the periods from January 1 to June 30, 2025 and 2024, employee and director remuneration is estimated based on the company's profit before tax and before deducting employee and director remuneration for each respective period, multiplied by the allocation percentages prescribed in the Company's Articles of Incorporation. The estimated amounts are recognized as operating costs or operating expenses during the respective periods. Related information is available on the Market Observation Post System (MOPS). If there is any difference between the actual amounts approved in the following year and the previously estimated amounts, such difference is accounted for as a change in accounting estimate and recognized in the following year's profit or loss.

The aforementioned estimated expenses were as follows:

	<u>Three months ended June 30</u>		<u>Six months ended June 30</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Employee remuneration	\$ 1,900	2,750	5,500	5,500
Director remuneration	600	1,000	2,000	2,000
	<u>\$ 2,500</u>	<u>3,750</u>	<u>7,500</u>	<u>7,500</u>

The estimated employee and director remuneration for the years ended 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Employee remuneration	\$ 13,800	12,500
Director remuneration	<u>5,280</u>	<u>4,400</u>
	<u>\$ 19,080</u>	<u>16,900</u>

There was no difference between the estimated and actual amounts of employee and director remuneration for the year 2024. The director remuneration for the year 2023 was approved by the Board of Directors on March 13, 2024, in the amount of NT\$4,800 thousand. The difference has been adjusted in the 2024 accounts accordingly. Related information on the employee and director remuneration is available on the Market Observation Post System (MOPS).

(16) Non-operating income and expenses

a. Interest income

Interest income consists of the following items:

	<u>Three months ended June 30</u>		<u>Six months ended June 30</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Interest income from bank deposits	\$ 2,091	3,284	3,816	4,832
Interest income from financial assets measured at amortized cost	1,037	629	1,702	1,325
Others	<u>7</u>	<u>18</u>	<u>15</u>	<u>44</u>
Total interest income	<u>\$ 3,135</u>	<u>3,931</u>	<u>5,533</u>	<u>6,201</u>

b. Other income

Other income consists of the following items:

	<u>Three months ended June 30</u>		<u>Six months ended June 30</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Non-recurring engineering, freight, and insurance income	\$ 8,955	6,505	8,955	12,480
Government grants for R&D activities	1,081	2,932	1,081	2,932
Others	<u>2,313</u>	<u>8,540</u>	<u>5,506</u>	<u>12,429</u>
Other income	<u>\$ 12,349</u>	<u>17,977</u>	<u>15,542</u>	<u>27,841</u>

c. Other gains and losses

Other gains and losses consist of the following items:

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Gain (loss) on disposal and scrapping of property, plant and equipment	\$ 396	(2,483)	396	(2,517)
Gain (loss) on lease modification	(520)	1	(520)	4
Exchange differences	(32,938)	202	(28,844)	14,928
Net gains (losses) from financial assets/liabilities at FVTPL	(1,161)	6,122	(2,785)	11,275
Others	(22)	-	(32)	-
Other gains and losses, net	<u>\$ (34,245)</u>	<u>3,842</u>	<u>(31,785)</u>	<u>23,690</u>

d. Finance costs

Financial costs consist of the following items:

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Interest expense from bank borrowings	\$ (2,043)	(3,244)	(4,196)	(5,423)
Interest on lease liabilities	(2,815)	(2,757)	(5,686)	(5,613)
Total financial costs	<u>\$ (4,858)</u>	<u>(6,001)</u>	<u>(9,882)</u>	<u>(11,036)</u>

(17) Financial Instruments

a. Credit risks

(a) Maximum exposure to credit risk

The carrying amount of financial assets represents the maximum credit risk exposure amount.

(b) Concentration of credit risks

The Group's credit risk primarily arises from notes and accounts receivable derived from sales to customers. To mitigate credit risk, the Group continuously assesses the financial position of customers and, when necessary, requests guarantees or collateral. The Group continues to assess the recoverability of accounts receivable on a regular basis and recognizes an allowance for ECL accordingly. The impairment losses recognized to date have remained within management's expectations. As of June 30, 2025, December 31, 2024, and June 30, 2024, 58.25%, 67.21%, and 48.51% of the Group's accounts receivable were attributable to three major customers, respectively, indicating a significant concentration of credit risk.

(c) Credit risk of receivables

Please refer to Note 6(2) for information on the credit risk exposure of notes receivable and accounts receivable. Other financial assets measured at amortized cost include other receivables and long-term certificate of deposit.

The above-mentioned are considered to have low credit risk. Accordingly, the loss allowance for the period was measured based on 12-month ECL. For the Group's assessment of low credit risk, please refer to Note 4(7) to the consolidated financial statements for the year ended December 31, 2024. No loss allowance was recognized for other receivables during six months ended June 30, 2025 and 2024.

b. Liquidity risks

The following table shows the contractual maturity of financial liabilities, including impact of estimated interest.

	Carrying amount	Total contractual cash flows	Less than 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
June 30, 2025							
Non-derivative financial liabilities							
Bank borrowings	\$ 302,842	349,839	65,536	26,438	17,762	47,762	193,341
Accounts payable (including related parties)	549,213	549,213	549,213	-	-	-	-
Other payables (including related parties)	322,716	322,716	322,716	-	-	-	-
Lease liabilities	531,008	555,639	27,237	22,510	36,595	469,297	-
Total	\$ 1,705,779	1,777,407	964,702	48,948	54,357	517,059	193,341
December 31, 2024							
Non-derivative financial liabilities							
Bank borrowings	\$ 430,057	489,855	160,864	5,586	18,192	58,325	246,888
Accounts payable (including related parties)	655,506	655,506	655,506	-	-	-	-
Other payables (including related parties)	143,473	143,473	143,473	-	-	-	-
Lease liabilities	537,716	567,483	26,016	22,827	37,530	481,110	-
Total	\$ 1,766,752	1,856,317	985,859	28,413	55,722	539,435	246,888

	Carrying amount	Total contractual cash flows	Less than 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
June 30, 2024							
Non-derivative financial liabilities							
Bank borrowings	\$ 305,345	367,874	37,363	3,565	10,200	58,319	258,427
Accounts payable (including related parties)	936,098	936,098	936,098	-	-	-	-
Other payables (including related parties)	366,854	366,854	366,854	-	-	-	-
Lease liabilities	536,921	571,589	25,206	20,347	31,220	494,816	-
Total	\$ 2,145,218	2,242,415	1,365,521	23,912	41,420	553,135	258,427

The Group does not expect the timing of the cash flows included in the maturity analysis to occur significantly earlier, nor the actual cash outflows to differ significantly in amount.

c. Currency risks

(a) Exposure to currency risk

The Group is exposed to significant currency risk arising from financial assets and liabilities denominated in foreign currencies. The details as of the reporting periods are as follows:

		June 30, 2025		
		Foreign currency	Exchange rate	NTD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$	23,469	USD/NTD=	29.300
JPY		69,891	JPY/NTD=	0.2034
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD		12,078	USD/NTD=	29.300
		2024.12.31		
		Foreign currency	Exchange rate	NTD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$	25,052	USD/NTD=	32.785
JPY		788	JPY/NTD=	0.2099
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD		13,957	USD/NTD=	32.785

2024.6.30				
	Foreign currency		Exchange rate	NTD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$	26,227	USD/NTD=	32.45
JPY		815	JPY/NTD=	0.2017
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD		19,057	USD/NTD=	32.45
				618,400

(b) Currency risk sensitivity analysis

The Group's currency risk primarily arises from cash and cash equivalents, accounts receivable, other receivables, accounts payable, and other payables denominated in foreign currencies, which may result in exchange differences upon translation. As of June 30, 2025 and 2024, if the New Taiwan Dollar depreciates or appreciates by 10% against the US Dollar and the Japanese Yen, with all other factors remaining constant, the profit for the six months ended June 30, 2025 and 2024 would have increased by NT\$27,838 thousand and decreased by NT\$18,626 thousand, respectively. The analysis for both periods is based on the same assumptions.

(c) Exchange differences on foreign currency monetary items

Due to the variety of functional currencies used within the Group, information on exchange differences arising from monetary items is disclosed on an aggregated basis. The exchange differences on foreign currency monetary items (including both realized and unrealized amounts) amounted to NT\$28,844 thousand (loss) and NT\$14,928 thousand (gain) for the six-month periods ended June 30, 2025 and 2024, respectively.

(d) Interest rate risk sensitivity analysis

The Group's exposure to interest rate risk on financial assets and liabilities is described in the liquidity risk section of this note.

The following sensitivity analysis is based on the Group's exposure to interest rate risk from both derivative and non-derivative financial instruments as of the reporting date. For floating rate liabilities, the analysis assumes that the amount of liability outstanding at the reporting date remained constant throughout the year. The sensitivity analysis is based on a reasonably possible change in interest rates,

as estimated by management, using a rate fluctuation of $\pm 1\%$, which reflects the rate used in internal reporting to key management.

Assuming a 1% increase or decrease in interest rates, with all other variables held constant, the Group's profit for the six months ended June 30, 2025 and 2024 would have decreased by NT\$2,242 thousand and increased by NT\$2,421 thousand, respectively.

d. Other price risks sensitivity analysis

The Group is exposed to equity price risk arising from equity instruments measured at fair value through profit or loss and at fair value through other comprehensive income (OCI). A 1% increase or decrease in the fair value of these investments as of the reporting date, with all other variables held constant, would have the following impact:

Equity price at the reporting date	For the six months ended June 30			
	2025		2024	
	OCI, net of tax	Profit or loss	OCI, net of tax	Profit or loss
Increase by 1%	\$ 602	384	1,101	581
Decrease by 1%	\$ (602)	(384)	(1,101)	(581)

e. Information on fair value

(a) Categories and fair value of financial instruments

The Group measures financial assets and liabilities at FVTPL and financial assets at FVOCI on a recurring basis using fair value measurement techniques. The carrying amounts and fair values of various types of financial assets and financial liabilities (including fair value hierarchy information, but excluding those financial instruments not measured at fair value where the carrying amount is a reasonable approximation of fair value, and lease liabilities, for which fair value disclosures are not required by regulations) are presented as follows:

	2025.6.30				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at FVTPL					
Financial assets at FVTPL	\$ 38,433	-	-	38,433	38,433
Financial assets at FVOCI					
Foreign listed equity securities	\$ 12,356	12,356	-	-	12,356
Unquoted equity instruments measured at fair value	47,824	-	-	47,824	47,824
Total	\$ 60,180	12,356	-	47,824	60,180
Financial assets at amortized cost					

	2025.6.30				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	\$ 533,944	-	-	-	-
Financial assets at amortized cost	62,904	-	-	-	-
Notes and accounts receivable, net (including related parties)	672,078	-	-	-	-
Other receivables (including related parties)	62,488	-	-	-	-
Other current assets	1,000	-	-	-	-
Refundable deposit	10,391	-	-	-	-
Total	\$ 1,342,805	-	-	-	-
Financial liabilities at amortized cost					
Bank borrowings	\$ 302,842	-	-	-	-
Accounts payable (including related parties)	549,213	-	-	-	-
Other payables (including related parties)	322,716	-	-	-	-
Lease liabilities	531,008	-	-	-	-
Total	\$ 1,705,779	-	-	-	-

	2024.12.31				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at FVTPL					
Financial assets at FVTPL	\$ 47,364	-	-	47,364	47,364
Financial assets at FVOCI					
Foreign listed equity securities	\$ 31,578	31,578	-	-	31,578
Unquoted equity instruments measured at fair value	47,824	-	-	47,824	47,824
Total	\$ 79,402	31,578	-	47,824	79,402
Financial assets at amortized cost					
Cash and Cash Equivalents	\$ 487,593	-	-	-	-
Financial assets at amortized cost	69,189	-	-	-	-
Notes and accounts receivable, net (including related parties)	856,729	-	-	-	-
Other receivables (including related parties)	64,301	-	-	-	-
Other current assets	1,000	-	-	-	-
Refundable deposit	10,748	-	-	-	-
Total	\$ 1,489,560	-	-	-	-
Financial liabilities at amortized cost					
Bank borrowings	\$ 430,057	-	-	-	-
Accounts payable (including related parties)	655,506	-	-	-	-

	2024.12.31				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Other payables (including related parties)	143,473	-	-	-	-
Lease liabilities	537,716	-	-	-	-
Total	\$ 1,766,752	-	-	-	-

	2024.6.30				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at FVTPL					
Financial assets at FVTPL	\$ 58,063	-	-	58,063	58,063
Financial assets at FVOCI					
Unquoted equity instruments measured at fair value	\$ 110,132	-	-	110,132	110,132
Financial assets at amortized cost					
Cash and Cash Equivalents	\$ 809,765	-	-	-	-
Financial assets at amortized cost	68,445	-	-	-	-
Notes and accounts receivable, net (including related parties)	737,767	-	-	-	-
Other receivables (including related parties)	54,229	-	-	-	-
Other current assets	1,000	-	-	-	-
Refundable deposit	18,590	-	-	-	-
Total	\$ 1,689,796	-	-	-	-
Financial liabilities at amortized cost					
Bank borrowings	\$ 305,345	-	-	-	-
Accounts payable (including related parties)	936,098	-	-	-	-
Other payables (including related parties)	366,854	-	-	-	-
Lease liabilities	536,921	-	-	-	-
Total	\$ 2,145,218	-	-	-	-

(b) Valuation techniques of financial instruments not measured at fair value

The Group uses the following methods and assumptions to estimate the fair value of financial instruments that are not measured at fair value:

For financial assets and liabilities measured at amortized cost, if there are transaction or market maker quotation data available, the most recent transaction price and quotation data shall be used as the basis for assessing fair value. In the absence of market value for reference, valuation methods will be employed for

estimation. The estimated values and assumptions used in the evaluation method are the present value estimates of cash flow fair value.

(c) Valuation techniques of financial instruments measured at fair value

Fair value of financial instrument is obtained through application of valuation techniques or reference to quotation from counterparties. The fair value obtained through application of evaluation techniques may be calculated by reference to the current fair value of other financial instruments with similar material conditions and characteristics, use of the discounted cash flow method, or by other evaluation techniques, including using models based on available market information on the reporting date.

(d) Transfers Between Level 1 and Level 3

Shares of VEEA INC. held by the Company's subsidiary, HAWKEYE, were classified as financial assets measured at FVOCI. As of June 30, 2025, December 31, 2024, and June 30, 2024, the fair values of these shares were NT\$12,356 thousand, NT\$31,578 thousand and NT\$62,308 thousand, respectively. As of June 30, 2024, due to the absence of a quoted market price and the use of significant unobservable inputs in the valuation, the shares were classified within Level 3 of the fair value hierarchy. In September 2024, the shares of VEEA INC. became publicly traded, with an active market quotation. Accordingly, the fair value classification was transferred from Level 3 to Level 1. There were no transfers during the six months ended June 30, 2024.

(e) Quantitative information of fair value of significant unobservable inputs (Level 3)

The Group's financial assets measured at FVTPL that are categorized within Level 3 of the fair value hierarchy include private equity fund investment.

The Group's fair value measurements classified within Level 3 involve a single significant unobservable input. Quantitative information of fair value of significant unobservable inputs is listed as below:

Item	Valuation techniques	Significant unobservable input value	Relationship between unobservable inputs and fair value
Financial assets at FVTPL – private equity fund investment	Net asset value (NAV) method	• Net asset value	The higher the net asset value, the higher the fair value.

- (f) Sensitivity analysis of reasonably possible alternative assumptions on fair value measurements in Level 3

The Group's fair value measurements for financial instruments are considered reasonable; however, the use of different valuation models or inputs may result in different fair value measurements. For financial instrument at Level 3, if there are changes in valuation parameters, the impact on current profit or loss is as follows:

	<u>Valuation inputs</u>	<u>Range of inputs</u>	<u>Impact on fair value measurement</u>	
			<u>Favorable impact</u>	<u>Unfavorable impact</u>
June 30, 2025				
Financial assets at FVTPL				
Private equity fund investment	\$ 38,433	1%	384	(384)
December 31, 2024				
Financial assets at FVTPL				
Private equity fund investment	47,364	1%	474	(474)
June 30, 2024				
Financial assets at FVTPL				
Private equity fund investment	58,063	1%	581	(581)

(18) Financial risk management

There were no significant changes in the Group's financial risk management objectives and policies compared to those disclosed in Note 6(19) of the consolidated financial statements for the year ended December 31, 2024.

(19) Capital management

The Group's objectives, policies, and procedures for capital management were consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2024. In addition, there were no significant changes in the quantitative disclosures of items considered as part of capital management. Please refer to Note 6(20) of the consolidated financial statements for the year ended December 31, 2024 for further details.

7. Related Party Transactions

(1) Names of related parties and relations

The following entities were identified as related parties with which the Group conducted transactions during the reporting period and/or had outstanding balances as of the reporting date:

<u>Name of related party</u>	<u>Relationship with the Group</u>
Ennoconn	Parent company
Hon Hai Precision Industry Co., Ltd.	Entity with significant influence over the parent
Vecow Co., Ltd.	Fellow subsidiary
Victor Plus Holdings Ltd. (Victor Plus)	Fellow subsidiary
Thecus Technology Corp.	Fellow subsidiary
Dexatek Technology Co., Ltd.	Fellow subsidiary
Ennovision Inc.	Fellow subsidiary
ARBOR Technology Corp.	Fellow subsidiary
Renown Information Technology Corp.	Fellow subsidiary
American Industrial Systems Inc. (AIS)	Fellow subsidiary
FORTUNE BAY TECHNOLOGY PTE. LTD.	Fellow subsidiary
All directors, general manager and deputy general manager and other major officers in management of the Company	

(2) Transaction with Related Party

a. Revenue

The sales amounts to related parties during the reporting periods are as follows:

	<u>Three months ended June 30</u>		<u>Six months ended June 30</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Parent company	\$ -	20	-	20
Fellow subsidiary	(455)	38,988	25,301	58,212
	<u>\$ (455)</u>	<u>39,008</u>	<u>25,301</u>	<u>58,232</u>

Sales terms to related parties are generally consistent with those offered to third parties. Credit terms typically range from 60 to 100 days or are settled monthly within 30–90 days. Related parties are not required to provide collateral. No ECL allowance has been recognized after assessment.

b. Purchases

The purchase amounts from related parties are as follows:

	<u>Three months ended June 30</u>		<u>Six months ended June 30</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Fellow subsidiary	<u>\$ 7,157</u>	<u>24,715</u>	<u>16,818</u>	<u>72,739</u>

The Group's purchase prices and payment terms from the aforementioned related parties (O/A 60–90 days or monthly settlement 30–90 days) were not materially different from those with third-party suppliers.

c. Receivables from related parties

The receivables amount from related parties are as follows:

<u>Account name</u>	<u>Relationship and name of related parties</u>	<u>2025.6.30</u>	<u>2024.12.31</u>	<u>2024.6.30</u>
Accounts receivable	Parent company	\$ -	-	22
Accounts receivable	Fellow subsidiary - AIS	53	12,634	12,679
Accounts receivable	Fellow subsidiary	89	596	3,870
Other receivables	Fellow subsidiary	-	5	-
Other receivables	Parent company	-	32	-
		<u>\$ 142</u>	<u>13,267</u>	<u>16,571</u>

d. Other Related Party Transactions

<u>Account name</u>	<u>Relationship and name of related parties</u>	<u>Three months ended June 30</u>		<u>Six months ended June 30</u>	
		<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Cost of sales	Fellow subsidiary	\$ 11	-	43	-
General and administrative expenses	Fellow subsidiary	-	64	-	64
		<u>\$ 11</u>	<u>64</u>	<u>43</u>	<u>64</u>

<u>Account name</u>	<u>Relationship and name of related parties</u>	<u>2025.6.30</u>	<u>2024.12.31</u>	<u>2024.6.30</u>
Other current liabilities	Parent company	\$ -	30	-

e. Payables to related parties

The payables amount to related parties are as follows:

<u>Account name</u>	<u>Relationship and name of related parties</u>	<u>2025.6.30</u>	<u>2024.12.31</u>	<u>2024.6.30</u>
Accounts payable	Fellow subsidiary - Victor Plus	\$ 842	4,858	4,526
Accounts payable	Fellow subsidiary - Vecow Co., Ltd.	-	28,425	16,793
Accounts payable	Fellow subsidiary - others	1,623	3,524	603
Other payables	Fellow subsidiary - Victor Plus	25	71	81
Other payables	Fellow subsidiary - others	39	-	-
		<u>\$ 2,529</u>	<u>36,878</u>	<u>22,003</u>

(3) Transactions with key management officers

a. Key management personnel compensation

Key management personnel compensation comprises the following:

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Short-term employee benefits	\$ 14,248	13,465	25,648	26,667
Post-employment benefits	241	218	481	454
	\$ 14,489	13,683	26,129	27,121

During January 1 to June 30, 2025 and 2024, the Group provided vehicles for use by key management personnel. The breakdown of the related costs and depreciation expenses recognized is as follows:

	2025.6.30	2024.12.31	2024.6.30
Original acquisition cost	\$ 6,023	6,982	6,982

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Depreciation expenses	\$ 200	275	415	550

8. Pledged Assets

The carrying amounts of assets pledged as collateral are as follows:

Account name	As collateral for	2025.6.30	2024.12.31	2024.6.30
Other current assets (pledged time deposits)	Custom clearance guarantees	\$ 1,000	1,000	1,000
Property, plant and equipment	Long-term borrowings	674,911	678,156	681,400
		\$ 675,911	679,156	682,400

9. Significant Contingent Liabilities and Unrecognized Contract Commitments: None.

10. Significant loss from disasters: None.

11. Subsequent Events after the Reporting Period: None.

12. Others

- (1) The nature of employee benefits, depreciation and amortization expenses categorized by function are as follows:

By functions	For the three months ended June 30					
	2025			2024		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
By nature						
Employee benefits						
Salary	21,985	71,452	93,437	22,603	73,085	95,688
Labor and health insurance	3,364	8,588	11,952	2,593	9,092	11,685
Pension	1,306	3,200	4,506	1,443	3,383	4,826
Director remuneration	-	1,934	1,934	-	1,556	1,556
Others	1,401	3,191	4,592	1,776	4,100	5,876
Depreciation	8,596	11,733	20,329	11,045	11,164	22,209
Amortization	4	1,340	1,344	-	3,284	3,284

By functions	For the six months ended June 30					
	2025			2024		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
By nature						
Employee benefits						
Salary	46,413	147,302	193,715	44,390	146,200	190,590
Labor and health insurance	6,800	17,922	24,722	5,136	18,497	23,633
Pension	2,674	6,460	9,134	2,869	6,767	9,636
Director remuneration	-	4,510	4,510	-	4,004	4,004
Others	3,312	5,965	9,277	3,819	7,820	11,639
Depreciation	17,250	23,324	40,574	22,891	22,385	45,276
Amortization	9	3,246	3,255	-	6,023	6,023

- (2) Seasonality of operations:

CASwell's business operations are subject to quarterly fluctuations, primarily driven by the public market performance settlement reports of major global software value-added providers. These seasonal variations are most pronounced in major regions such as the Americas and Europe, as the performance peak from the previous year's fourth quarter and the summer holiday period in Europe during the third quarter adversely affect the results from January to March each year. To mitigate the impact of these seasonal trends, the Company aims to balance supply and demand through order forecasting and inventory management.

13. Supplementary Disclosures

(1) Information on significant transactions:

In accordance with the Regulations Governing the Preparation of Financial Statements by Securities Issuers, the Group shall disclose the following information concerning significant transactions for the six months ended June 30, 2025, is as follows:

a. Loans to others:

Unit: NTD/USD thousand

No.	Lender	Borrower	Account name	Related party	Maximum amount of the period	Ending balance	Actual amount drawn	Interest rate range	Nature of loan (Note 1)	Business transaction amount	Reason for short-term financing	Amount of ECL allowance	Collateral		Ceiling on loans granted to a single party (Note 2)	Ceiling on total loan (Note 3)
													Investor	Value		
0	The Company	APLIGO GMBH	Other receivables - related parties	Yes	55,670 (USD1,900)	55,670 (USD1,900)	55,670 (USD1,900)	5.65%	2	-	Working capital for operation	-	-	-	340,603	681,206

Note 1: 1. The borrower has business transactions with the lender.

2. The borrower has short-term financing necessities.

Note 2: 1. The amount of loans to a single entity shall not exceed the total amount of business transactions with the entity in the most recent year.

2. The amount of loans to a single entity shall not exceed 10% of the net worth of the Group as stated in the latest financial statements audited or reviewed by independent auditors.

Note 3: Total amount of loans shall not be more than 20% of the Group's net worth as stated in the latest financial statements audited or reviewed by independent auditors.

Note 4: The above transactions have been fully eliminated when preparing the consolidated financial statements.

b. Endorsements/guarantees provided: None.

c. Significant marketable securities held at the end of the period (excluding investment in subsidiaries, associates and joint ventures):

Unit: NT\$ thousand/thousand shares

Name of Held Company	Type of Securities	Name of Securities	Relationship with Issuer of Securities	Ledger Account	End of Period				Remarks
					Number of Shares	Carrying amount	Shareholding %	Fair value	
The Company	Fund beneficiary certificates	Zoyi Fund II	-	Financial assets at FVTPL - non-current	-	38,433	- %	38,433	-
The Company	Ordinary Shares	FiduciaEdge Technologies Co. Ltd.	-	Financial assets at FVOCI - non-current	1,600	40,000	10.65 %	40,000	-
Hawkeye	Ordinary Shares	VEEA INC	-	Financial assets at FVOCI - non-current	219	12,356	- %	12,356	-

- d. Purchase and sales transactions between related parties amounting to NT\$100 million or over 20% of the paid-in capital or more:

Unit: NT\$ thousand

Company name	Counterparty	Relationship	Transaction Details				Difference from Arm's Length		Notes and accounts receivable (payable)		Remarks
			Type	Amount	% of total transactions	Credit Terms	Unit Price	Credit Terms	Balance	Ratio to total notes and accounts receivable (payables)	
The Company	CASO	Subsidiary	Sales	108,855	5.94 %	O/A 70 days	No significant differences	No significant differences.	45,363	7.61%	Note 1
CASO	The Company	Parent company	Purchases	106,911	60.48 %	O/A 70 days	No significant differences	No significant differences.	46,143	95.13%	Note 1

Note 1: The transactions listed on the left have been fully eliminated as preparing the consolidated financial statements.

- e. Receivables from related parties amounting to NT\$100 million or over 20% of paid-up capital: None.
- f. Intercompany relationships and significant intercompany transactions:

Unit: NT\$ thousand

Number (Note 1)	Company name	Counterparty	Nature of relationship (Note 2)	Transaction (Note 3)			
				Account name	Amount	Transaction terms	% of total revenue or assets
0	The Company	CASO	1	Revenue	108,855	No significant differences	5.02%
0	The Company	CAI	1	Revenue	66,397	No significant differences	3.06%
1	APLIGO	The Company	2	Revenue	18,085	No significant differences	0.83%
0	The Company	CASO	1	Accounts receivable	45,363	No significant differences	0.83%
0	The Company	CAI	1	Accounts receivable	36,930	No significant differences	0.67%
0	The Company	APLIGO	1	Other receivables	58,071	No significant differences	1.06%

Note 1: The number is filled as follows:

1. Fill in 0 for parent company
2. Subsidiary are numbered in order starting from 1 by each company.

Note 2: No.1 represents the transactions from parent company to subsidiaries.

No.2 represents the transactions from subsidiaries to parent company.

No.3 represents the transactions from subsidiaries to subsidiaries.

Note 3: For business relationships and significant transactions between the Company and its subsidiaries, only information on financing receivables, sales and accounts receivable will be disclosed. Corresponding purchase and accounts payable will not be repeated.

Note 4: The transactions listed on the left have been fully eliminated as preparing the consolidated financial statements.

(2) Information on investees (excluding investees in mainland China):

The following is information on the consolidated company's equity investments for the period from January 1 to June 30, 2025.

Unit: NT\$ thousand/thousand shares

Name of Investor	Name of investee	Region	Principal Business Activities	Initial Investment Amount		Held at the End of Period			Profit (loss) of Investee for the Period	Profit (loss) on investment recognized	Remarks
				End of the Period	End of Last Year	Number of Shares	Ratio	Carrying amount (Note 1)			
The Company	CASO	Japan	Imports and sales of network machines and computer peripherals	27,062	27,062	2	99.00%	148,180	12,593	12,467	Subsidiary (Note 2)
The Company	CASWELL INTERNATIONAL INVESTMENT CO., LTD.	Samoa	Overseas investment	101,135	101,135	3,206	100.00%	104,661	(26,922)	(26,922)	Subsidiary (Note 2)
The Company	CAI	USA	Sales of network appliances	92,460	92,460	3,000	100.00%	64,247	(1,493)	(1,493)	Subsidiary (Note 2)
The Company	APLIGO	Germany	Hub and SI Service	60,275	60,275	24	66.67%	14,787	(20,172)	(13,574)	Subsidiary (Note 2)
The Company	Hawkeye	Taiwan	Design and manufacturing of computers and network appliances	602,041	602,041	9,097	60.64%	476,942	22,948	13,817	Subsidiary (Note 2)

Note 1: Including adjustments for foreign currency translation.

Note 2: The transactions listed on the left have been fully eliminated as preparing the consolidated financial statements.

(3) Information on investments in mainland China:

a. Information on investees in Mainland China

Unit: NTD/USD thousand

Investee in mainland China	Principal Business Activities	Paid-in Capital	Way of Investment (Note 1)	Accumulated Amount of Investments Remitted from Taiwan at Beginning of Period (Note 2)	Amount of Investments Remitted or Repatriated for the Period (Note 2)		Accumulated Amount of Investments Remitted from Taiwan at Beginning of Period (Note 2)	Profit (loss) of Investee for the Period	The Company's Direct or Indirect Shareholding %	Investment Profit (Loss) Recognized for the Period (Note 3)	carrying amount of Investments at end of period	Accumulated return on investments recovered by the end of the period
					Remitted	Repatriated						
BCW	Manufacturing and sales of network appliances	111,340 (USD3,800)	(2)	91,299 (USD3,116)	-	-	91,299 (USD3,116)	(32,825)	82%	(26,917)	114,682	-

Note 1: There are three ways of investment:

- (1) Direct investment in mainland China.
- (2) Investment in mainland China through a company in another region, this is a direct investment by subsidiary, Caswell International Investment Co., Ltd.
- (3) Others.

Note 2: The exchange rate at end of period is used for foreign currency translation

Note 3: Investment gains or losses are recognized based on the financial statements reviewed by the parent company's certified public accountant.

Note 4: The transactions listed on the left have been fully eliminated as preparing the consolidated financial statements.

b. Limits on investments in Mainland China

Unit: NTD/USD thousand

Accumulated amount of remittance from Taiwan to Mainland China at reporting date	Investment amount approved by Investment Commission of the Ministry of Economic affairs (MOEA)	Ceiling on investment in mainland China as imposed by Investment Commission of MOEA
91,299 (USD3,116)	91,299 (USD3,116)	2,043,619

Exchange rates at end of period: USD: 29.3000

Average exchange rate: USD: 31.8586

c. Significant Transactions:

Please refer to the Note 13(1) "Information on significant transactions" for significant transactions during the six months ended June 30, 2025, between the Group and its investees in mainland China (which have been eliminated during the preparation of consolidated financial statements).

14. Segment Information

Information and adjustments of the Group's operating segments are as follows:

	Taiwan	Mainland China	Others	Adjustments and elimination	Total
For the three months ended					
June 30, 2025					
Revenue:					
Revenue from external clients	\$ 902,990	13,710	144,850	-	1,061,550
Inter-segment revenue	115,688	-	16,666	(132,354)	-
Total revenue	\$ 1,018,678	13,710	161,516	(132,354)	1,061,550
Profits (losses) of reportable segments	\$ 59,932	(20,591)	(6,733)	16,030	48,638

	Taiwan	Mainland China	Others	Adjustments and elimination	Total
For the three months ended					
June 30, 2024					
Revenue:					
Revenue from external clients	\$ 922,957	38,518	163,043	-	1,124,518
Inter-segment revenue	82,657	-	2,545	(85,202)	-
Total revenue	\$ 1,005,614	38,518	165,588	(85,202)	1,124,518
Profits (losses) of reportable segments	\$ 102,857	(11,188)	2,731	421	94,821

	<u>Taiwan</u>	<u>Mainland China</u>	<u>Others</u>	<u>Adjustments and elimination</u>	<u>Total</u>
For the six months ended					
June 30, 2025					
Revenue:					
Revenue from external clients	\$ 1,824,950	40,019	305,478	-	2,170,447
Inter-segment revenue	209,675	-	26,747	(236,422)	-
Total revenue	<u>\$ 2,034,625</u>	<u>40,019</u>	<u>332,225</u>	<u>(236,422)</u>	<u>2,170,447</u>
Profits (losses) of reportable segments	<u>\$ 158,638</u>	<u>(32,825)</u>	<u>(9,077)</u>	<u>15,354</u>	<u>132,090</u>

	<u>Taiwan</u>	<u>Mainland China</u>	<u>Others</u>	<u>Adjustments and elimination</u>	<u>Total</u>
For the six months ended					
June 30, 2024					
Revenue:					
Revenue from external clients	\$ 1,576,909	87,125	299,842	-	1,963,876
Inter-segment revenue	157,376	-	4,601	(161,977)	-
Total revenue	<u>\$ 1,734,285</u>	<u>87,125</u>	<u>304,443</u>	<u>(161,977)</u>	<u>1,963,876</u>
Profits (losses) of reportable segments	<u>\$ 175,994</u>	<u>(22,030)</u>	<u>(774)</u>	<u>5,584</u>	<u>158,774</u>